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RUEHBJ/AMEMBASSY BEIJING PRIORITY 4054
RUEHEK/AMEMBASSY BISHKEK PRIORITY 0021
RUEHLM/AMEMBASSY COLOMBO PRIORITY 4322
RUEHKA/AMEMBASSY DHAKA PRIORITY 9401
RUEHDBU/AMEMBASSY DUSHANBE PRIORITY
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 2305
RUEHBUL/AMEMBASSY KABUL PRIORITY 0141
RUEHLO/AMEMBASSY LONDON PRIORITY 3713
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 9380
RUEHBI/AMCONSUL MUMBAI PRIORITY 3618

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SIPDIS

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DEPT FOR SCA/INS,
DEPT PASS TO USTDA (MBASSETT)

E.O. 12958: N/A

TAGS: [ECON](#) [FAIR](#) [EINV](#) [ELTN](#) [NP](#)

SUBJECT: NEPAL DELEGATION TO USTDA TRANSPORTATION
CONFERENCE IN MUMBAI SEEKS FOREIGN INVESTMENT

BACKGROUND

1. (U) Embassy Kathmandu was pleased to have one of its Emboffs accompany a two-member government delegation from Nepal to the United States Trade and Development Agencies' (USTDA) "Transportation Solutions for South Asia Trade" conference held in Mumbai, India, March 7-9, which highlighted transportation infrastructure development needs in South Asia. The conference brought together government delegates from Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka, as well as representatives from 18 U.S. companies and the Asian Development Bank and World Bank. Government delegates presented transportation infrastructure projects for their respective countries in group sessions and U.S. companies had the opportunity to schedule one-on-one appointments with the delegations of their choosing. (Delegates from Kazakhstan, Kyrgyzstan, and Tajikistan attended the conference as observers.)

NEPAL DELEGATION OUTLINES AIRPORT UPGRADE PROJECTS AND CHINA-INDIA LINKS

2. (U) Mr. Kamal Kumar K.C., Officiating Director General of the Civil Aviation Authority of Nepal (CAAN), and Mr. Radakrishna Pradhan, Under Secretary, National Planning Commission, outlined a number of possible projects in Nepal open to foreign direct investment. Mr. K.C. explained Nepal's major airport improvement projects, which included: upgrading Pokhara (central Nepal) airport from a domestic to international airport with a longer runway; extending the runway at Bhairawaha (southwest Nepal) airport; and upgrading to Nepal's only international airport, Tribhuvan International Airport (TIA), located in Kathmandu. Mr. Pradhan explained His Majesty's Government of Nepal's (HMGN) plan to become a trade and transit link between India and China by building eight north-south roads through Nepal to link the two major economic powerhouses. He also noted plans for direct road and rail links between the major Indo-Nepal trade border town of Birgunj and Kathmandu. Building an approximately 12 kilometer tunnel would reduce to around three hours the current eight-to-ten hour trip over

mountainous roads between Birgunj and the capital. The airport and road/rail projects all require significant funding to be implemented and Nepal is seeking foreign direct investment for them.

U.S. COMPANIES INTERESTED IN SELLING TECHNOLOGY AND EQUIPMENT
FOR NEPAL'S AIRPORTS

13. (U) Four U.S. companies, which requested meetings with the Nepal delegation during the scheduled one-on-one sessions, were primarily interested in selling information management technologies and security equipment for use in Nepal's airports. While the technology and equipment offered by the U.S. companies would be beneficial to Nepal, the lack of HMGN funds would likely prevent any significant purchases.

A representative from Lockheed Martin was marketing Lockheed's air traffic management technology. Mr. K.C. lamented the decaying state of TIA's Japanese radar system and explained that CAAN would like to be in a position to buy a new radar system along with air traffic management technology. Oracle offered an information management software solutions package for airports, which Mr. K.C. said would be beneficial for TIA's billing systems as all bills for landing rights were currently done manually. A representative from the security company Ingersoll Rand inquired whether CAAN was interested in purchasing electronic access equipment to complement the wiring Ingersoll installed at TIA in 2000. The actual electronic access equipment was never purchased due to lack of government funding. Mr. K.C. explained that electronic access equipment had yet to be acquired and remained an item on CAAN's wish list. The railcar brake manufacturer Ellcon-National was curious if Nepal had any plans to develop freight rail beyond the border

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towns of Nepal. Mr. Pradhan explained there were no such immediate plans.

COMMENT

14. (SBU) The two delegates from Nepal actively participated in the conference and networked with U.S. company representatives and government officials from the other countries. Mr. K.C. was planning to follow up with representatives from Oracle and Ingersoll Rand on cost proposals. Nepal's lack of national funds and currently unfavorable investment climate however, will continue to dampen HMGN plans for its aviation, road and rail infrastructure projects.

SCHLOSSER